



Mike Huckabee
Governor

The AID

Quarterly Newsletter



Mike Pickens
Commissioner

January - March 2000

Insurance News from the
ARKANSAS INSURANCE DEPARTMENT
We're Here to Assist You!

Volume I, No. 1

State Insurance Department Answers Questions for Arkansans Losing Medicare HMOs

Approximately 600 seniors packed the room where Commissioner Mike Pickens, Deputy Commissioner and Life and Health Actuary John Hartnedy, Seniors Health Insurance Information Program ("SHIIP") Director Ray Morris and SHIIP Volunteer Coordinator Developer Marcia Winkle of the Arkansas Insurance Department held meetings recently to answer questions from beneficiaries of Medicare HMO plans slated to lose their coverage on December 31, 1999.

Two providers, United Healthcare and Healthsource, will no longer offer HMO plans to Pulaski County Medicare recipients beginning January 1, 2000. Enrollees in those plans have the option of selecting Health Advan-

tage Medi-Pak HMO with Arkansas Blue Cross Blue Shield or reverting to traditional Medicare coverage, according to Ray Morris, Director of the Seniors Health Insurance Information Program (SHIIP).

Participants of the outgoing plans who wish to re-

tain their current physician (if the selected doctor is not a member of the remaining HMO provider's participating doctor's group), may purchase Medicare supplements. When evaluating the supplemental plans, beneficiaries should ensure that the doctor they select

is still a Medicare participant.

One of the most important points made during the meeting was to encourage and warn Medicare HMO policyholders not to disenroll from their current plans before the end of the year. Doing so could affect the guaranteed benefits available to them under the plan they have in place at this time.

While Healthsource and United Healthcare withdrew its Medicare HMO coverage at the end of last year, participants enrolled in other HMO plans with these providers will not be impacted by this change. **Questions regarding Medicare HMO coverage should be directed to 800-224-6330 or 501-371-2782.**

Inside The AID

<i>State Insurance Department Answers Questions for Arkansans Losing Medicare HMOs</i>	<i>Page 1</i>
<i>Quick Facts</i>	<i>Page 2</i>
<i>Commissioner's Comments</i>	<i>Page 3</i>
<i>Agents Licensing Division News</i>	<i>Page 4</i>
<i>Arkansas Earthquake Authority Board</i>	<i>Page 5</i>
<i>Privatization of Egypt's Insurance Market</i>	<i>Page 6</i>
<i>Department Bulletins</i>	<i>Page 7</i>
<i>Financial Services Modernization Act of 1999</i>	<i>Page 8</i>
<i>New Public Information Officer</i>	<i>Page 9</i>
<i>Other States</i>	<i>Page 9</i>
<i>New NAIC President</i>	<i>Page 10</i>
<i>Mission Statement</i>	<i>Page 10</i>
<i>Consumer's Corner</i>	<i>Page 11</i>

For more information, visit our web site at www.state.ar.us/insurance

The Arkansas Insurance Department is located at 1200 West Third Street (the corner of Third and Cross Streets) in Downtown Little Rock, Arkansas. Our mission is to serve and protect the public interest by the equitable enforcement of Arkansas laws impacting the insurance industry.



Quick Facts

- ✓ Mission: CONSUMER PROTECTION — Insurer Solvency and Market Conduct Regulation
- ✓ Consumer Protection: In 1999, our Consumer Services Division helped Arkansas insurance consumers obtain payment of over \$2.6 million in claims, received 3,621 complaints, answered 23,587 telephone calls and helped 415 visitors to the Department.
- ✓ In September 1998, for the first time in its history the Arkansas Insurance Department achieved full accreditation from the National Association of Insurance Commissioners (“NAIC”). The Department is subject to its next NAIC accreditation team review in the Year 2001.
- ✓ Approximately 150 Employees
- ✓ \$8 Million Budget
- ✓ The Arkansas Insurance Department is a dedicated funding agency. The insurance industry and agents fund all the operations of the Department, including the consumer protection and premium tax collection functions.
- ✓ Regulates: \$7 Billion Industry (total premium collected — all lines)
- ✓ Licenses and Regulates: 1,524 companies (½ life and health/disability; ½ property and casualty)
28,506 agents (14,280 resident and 14,226 non-resident)
2,755 agencies (1,572 resident and 1,183 non-resident)
- ✓ 81 Domestic Insurance Companies (12 multi-state; mostly life and disability-health industry)
- ✓ Largest Domestic: Merrill-Lynch Life (one of the nation’s largest)
- ✓ Premium Tax (sales tax on premium written) the Arkansas Insurance Department Collected in 1999:
 - \$84.9 Million
 - \$64.5 Million Went to State General Revenue
 - The Rest (Approx. \$20 Million) to Police and Firemen’s Pension funds
- ✓ The Arkansas Insurance Department derives none (\$0) of its operating revenue from either premium taxes or general revenue. The Department is a totally dedicated funding agency.
- ✓ The Department recently amended its funding regulation (“Reg. 57”) to cut its regulatory fees by approximately \$850,000 per year. The Department also repealed over 100 obsolete Directives and Bulletins.
- ✓ We only regulate about 22% of the health insurance market; the federal government regulates the rest. We do not regulate Medicaid, Medicare (but we do have some authority over MedSup, although there are federal laws here, too). We do not regulate the Insurer-Provider relationship (private contracts, private rights of enforcement).
- ✓ Competitive Rating Law: The market sets the rates. We review loss ratios to see if rate increase filings are legally justified. We may only disapprove if:
 - Excessive (too high)
 - Inadequate (too low)
 - Unfairly Discriminatory

✓ **THE ARKANSAS INSURANCE DEPARTMENT IS THE BEST BARGAIN IN STATE GOVERNMENT!**

*All figures are approximate.

Commissioner's Comments



Welcome to the first edition of the Department's newsletter! We are working hard to improve our communication with consumers, producers and insurers. Not long ago we hired Ms. Charlye Crawford to serve as the Department's public information officer. Charlye is experienced in the field of public communication, and

she has some great ideas about how we can better stay in touch with the folks we serve. Please call Charlye with any ideas you may have in this regard. We have made good progress in many areas here at the Department. Still, we have much more to do -- there is always room for improvement!

We have made a great deal of progress in improving our License Division, but we recognize we still have more to do in this area. We intend to keep working hard to improve the quality of service this division renders to agents and companies. We also intend to closely monitor the vendor that tests our agent candidates to ensure they are providing a high level of service to those candidates.

During the recent legislative session this Department initiated numerous pieces of legislation. Our legislative goals were to decrease regulatory burdens, increase market competition, and strengthen our solvency and market conduct regulation for the protection of all we insurance consumers. We believe the Department-initiated legislation should work to benefit and protect all we insurance consumers.

In addition to the laws that were passed, the Arkansas Insurance Department's Fraud Investigation Division continues to actively investigate and prosecute all types of insurance fraud, whether perpetrated by employees, employers, claimants, agents, health care providers, or any other person, with the goal of reducing the cost of insurance.

I am proud of the progress we have made here at the Arkansas Insurance Department, and hope and trust you are, as well. We are here to both protect and to serve. If we may ever be of any assistance to you here at the Department, please do not hesitate to give us a call.

Significant Legislation Passed in 1999

- Act 118 (reduced copy fees charged by the Department)
- Act 381 (prevents insurers from failing to underwrite new or renewal insurance policies solely based upon the national origin or citizenship of the applicant)
- Act 384 (reduces the cost of the agent licensing examination)
- Act 452 (amends Arkansas law to allow qualified securities brokerage firms to act as custodians for the custodied securities of domestic insurers)
- Act 458 (the "Arkansas Commercial Lines Deregulation Act" reduced the regulatory burden on commercial insureds and insurers)
- Act 580 (strengthens the solvency standards imposed upon health maintenance organizations)
- Acts 347 and 1249 (provide additional protections for the purchasers of prepaid funeral insurance contracts)
- Act 657 (reduces the waiting period for agents retaking licensing examinations; and allows two (2) hours of continuing education credit for active membership in approved agent organizations)
- Act 1270 (requires insurers to conduct a background investigation of the agents they appoint to sell for their companies)
- Act 1343 (the "Arkansas Earthquake Authority Act" spurs competition in the earthquake insurance market to consumers who wish to purchase earthquake insurance coverage)
- Act 1535 (limits the use of consumer credit reports in the underwriting of personal insurance risks).



Agents' Licensing Division News

License Logistics

The 1997 revisions to Arkansas Insurance Code spun significant changes, which affect the agent's responsibilities to maintain his/her license.

Prior to the recent changes, an agent was not licensed until a company appointment was granted or until the agent was added to an agency license. The agent was required to keep an active appointment or to be active on an agency license in order to keep the license. Now, however, as soon as an agent successfully passes the license exam, a license is issued before they leave the exam center.

When an individual seeks to be licensed for limited lines, such as credit life, funeral expense, variable annuities, etc., a license is generated as soon as the agent's application is approved. The license remains active as long as the agent meets the annual renewal fee (administrative and regulatory fee) and as long as the agent meets the annual continuing education requirements. **It is important to note that even while an agent is licensed, the agent must have an active appointment before he/she can write business for an insurance company or receive commissions from a company.**

Annual Renewal Fee Due on Licensee's Birthday

An annual renewal license fee must be paid by the agent, broker, adjuster, consultant, agency, and surplus lines broker. **The fee is due annually, on or before the licensee's birthday.** Exceptions include agency fees, which are due on October 1 each year, and surplus lines broker fees, which are due each January 1.

Although the Arkansas Insurance Department will send renewal fee notices 60 days prior to the licensee's birthday, it remains the responsibility of the licensee to ensure the fee is paid. **If the fee is not paid, the licensee is subject to fines for late payment and/or the loss of license.**

Beginning January 1, 2000, the Arkansas Insurance Department's License Division will issue a new license once the fee and continuing education certification are received. All renewal fee requests must include the respondent's name, address and social security number.

Notification of Address Change is Mandatory

Each license holder is required by law to notify the Arkansas Insurance Department of a change of address within ten (10) days of a change of location. The notice must be made in writing. A faxed copy of the change, sent to the Insurance Department, is acceptable. The licensee's name, and social security number must be included on the address change form in order to ensure proper posting. A post office address or business address may be used as a mailing address. All notices will be sent to the address listed as the mailing address, however, the Arkansas Insurance Department is required to have a record of each licensee's physical resident address. If a separate mailing address is desired, it should be noted on the address change form, however, a physical resident address must be included.

Continuing Education Law Changes

Changes in the law now require continuing education certification to be completed on an annual basis, on or before the agent's or broker's birthday. This replaces the prior requirement that continuing education be completed every two years, on January 1. **Each agent or broker is required to complete eight (8) or ten (10) hours annually,** instead of the 16 or 20 hours previously required. Failure to meet the continuing education requirements will result in non-renewal of license, fines, and can cause license to be cancelled after one year of noncompliance.

Continuing education requirements are not enforced for new agents until one year after the first renewal date of agent's license. Agents and broker completing 15 consecutive years of licensure or who are 60 years of age, may be exempt from continuing education requirements. Agents having limited lines such as credit life, funeral expense, prepaid legal, etc. are not required to meet continuing education requirements.

See chart below to answer questions regarding continuing education hours necessary to maintain license with the State of Arkansas.

Qualifications

Hours Due

Life Only

8



Qualifications (Cont.)

Hours Due

Disability Only	8
Life and Disability	8
Property & Casualty	8
Life & Property/Casualty	10
Disability & Property/Casualty	10
Life/Disability & Property/Casualty	10

License Division Implements Improvements

The Arkansas Insurance Department's License Division has made several changes, which we believe will improve efficiency and service.

- Arkansas became the first state in the country to use a new licensing system called COSMOS. This system allows the issuance of appointments via the Internet, enabling companies using the SIR-CON service to make appointments as quickly as the information can be entered into the system. Other states including Pennsylvania, California, Ohio and Indiana have purchased the COSMOS system and will offer the same service as Arkansas.
- The Arkansas Insurance Department was one of 25 states to sign the Universal Reciprocal Agreement, which allows agents with the other states participating in the Agreement, to be licensed more quickly in those states.
- Arkansas is the third state to use the Producer Information Network (PIN) system, which permits appointments via electronic systems.

It is the goal of the License Division to offer improved and speedy service to our licensees and to those companies appointing agents in Arkansas.

Questions regarding licensing requirements may be directed to the Arkansas Insurance Department License Division, 501-371-2750 or by checking the Department's Web site at www.state.ar.us/insurance.

Arkansas Earthquake Authority Board Working to Secure Earthquake Coverage

The Arkansas Earthquake Authority Board held its first meeting in 1999. Formation of the new board is the result of the Earthquake Task Force, which was appointed by Insurance Commissioner Mike Pickens. The group's goal was to study the status of earthquake insurance available to Arkansans and the subsequent property risk associated with targeted areas. The Task Force's recommendations helped pave the way to the Arkansas Earthquake Authority Act, which passed in the 1999 legislative session.

The following Board members have been appointed with one, two or three year terms.

Chairman

Mr. Lynn Taylor, Arkansas Farm Bureau

Vice Chairman

Mr. Ralph E. Balch, American Management Company

Members

Mr. Bill Geeslin, CIC,
Pollard-Geeslin Ins. Agency, Inc.

Ms. Kim Shumate, CIC, McCartney, Manning,
McDonald & Guinn, Inc.

Mr. Bill Patton, The Hartford

Ms. Nancy Lemke, Allstate Insurance Company

Mr. Roger Birdsong, Columbia Insurance Group

Mr. Mark A. Pilcher, State Farm Ins. Companies
(ex officio, non-voting participant)

Mr. Charles T. Snyder, GCA, Farmers Ins. Group,
(ex officio, non-voting participant)



Arkansas Insurance Department Works With the NAIC and United States Government to Support the Privatization of Egypt's Insurance Market

In November 1999, Commissioner Mike Pickens and Deputy Commissioner for Financial Regulation/Audit Mel Anderson traveled to Cairo, Egypt as part of a joint National Association of Insurance Commissioners ("NAIC")/United States Department of Commerce team. The objective was to support the privatization of Egypt's insurance market and strengthen the institutional capacity of Egypt's insurance sector. The team's goal was to provide targeted technical assistance and training focused on insurance regulation and supervision, as well as public education and consumer awareness of the importance of insurance to the development of a modern economy. The United States government's "Egypt Insurance Project" is being implemented by the Office of Finance and the Commercial Law Development Program ("CLDP") of the United States Department of Commerce. The Office of Finance has conducted similar programs around the world as part of its International Insurance Technical Assistance Partnership ("IITAP"), a public/private initiative between the United States Department of Commerce and the United States insurance industry, with the support and involvement of the NAIC. The CLDP, funded by the United States Agency for Industrial Development ("U.S. AID"), a division of the United

States Department of State, currently is providing technical assistance to the government of Egypt in several sectors, including government procurement, intellectual property rights, and trade remedies. The program will compliment existing U.S. AID-sponsored activities underway in Egypt under the Partnership for Economic Reform, including the RIM project.

Egypt's insurance market is under-developed, especially in the life insur-

among other things, Egypt's fledgling financial services industries. Revitalizing the insurance sector is one of the key strategic goals of Minister of Economy and Foreign Trade Youssef Boutros Ghali, who sees the expansion of Egypt's insurance market as an essential component of increasing domestic savings and sustaining high rates of economic growth. Egypt's continued economic growth and recent opening of its insurance market to foreign

sonnel at the Egyptian Insurance Supervisory Authority ("EISA"), the federal regulator of the insurance business in Egypt.

"It is an honor and privilege for the NAIC and U.S. Department of Commerce to ask Deputy Commissioner Mel Anderson and me to participate in this important project. With the addition of Deputy Commissioner Anderson to our staff, Arkansas has made a great deal of progress in implementing financial solvency and market conduct regulation best practices in our state. This is best demonstrated by our September 1998 full NAIC accreditation with one of the top five (5) accreditation scores awarded since the inception of this program in the early 1990s," Commissioner Pickens said. "With the recent passage of the federal Financial Services Modernization Act, we will see more and more United States insurers and other financial services companies working to break into foreign markets. It is important for United States companies that we work with foreign governments to ensure the development of a fair, level regulatory-legal playing field," Pickens reiterated. "If the United States government's Egypt and other similar projects are successful around the world, this will not only enhance the profitability of our United States companies, it will give the devel-



Left to Right: George Nichols III, NAIC President and Kentucky Insurance Commissioner; Khairy Selim, EISA Deputy Chairman; Mike Pickens, Arkansas Insurance Commissioner; Bob Kennedy, Regulatory Attorney, Kansas Insurance Department; Tim Fisher, Program Director for International Insurance Development, U.S. Department of Commerce; Mel Anderson, Deputy Commissioner for Financial Regulation/Audit, Arkansas Insurance Department

ance sector, and the public remains uneducated about insurance. In the past, the Egyptian government was defined as a socialist republic, with heavy state control of all industries, including insurance. In the last few years President Hosni Mubarek has been assembling cabinet members who share his views about the importance of privatizing,

competition holds the potential for United States insurers to capitalize on these changes and realize opportunities in a relatively untapped market of some 66 million people.

The goal of the NAIC/U.S. Department of Commerce Department's November 1999 visit was to assess the technical ability and training needs of per-

Department Bulletins



oping nations of the world an opportunity to share in the prosperity, security and peace that accompany economic freedom. At this point in time, where anti-globalization hysteria appears to be growing in this country, it is important we Americans understand we must work with the developing countries of the world to improve their prospects for prosperity if we are to reap the full benefits of free trade here at home," Pickens stated.

Deputy Commissioner Anderson said: "The Egyptian government is taking strong steps to facilitate the development of a modern insurance market offering new opportunities to many United States insurers. As Egypt continues to open its financial markets and establish appropriate levels of infrastructure to regulate commerce and build a competitive marketplace, it will serve as an example of progressive economic expansion to other neighboring countries which could also influence a broad trend of regional insurance market growth and development."

Commissioner Pickens and Deputy Commissioner Anderson will continue their work on the Egypt Project, and other similar projects, through their membership and active participation on various NAIC committees dealing with international insurance issues.

The following is a brief description of Bulletins issued by the Arkansas Insurance Department in 1999. Entire Bulletins may be obtained by contacting the Department's Legal Division at (501) 371-2820.

Bulletin 5-99 Electronic Signatures

The purpose of this Bulletin is to address the submission of electronic signatures in filings required pursuant to Ark. Code Ann. Sections 23-60-107—23-101-114. Act 119 of the 1999 legislative session amended Ark. Code Ann. Section 23-61-107 to permit the Insurance Commissioner to accept the authenticate electronic signatures in such filings.

Bulletin 6-99 Rate and Form Filing Issues

Commercial Lines De-Regulation Under Act 458 and Act 453 of 1999. Acts 458 and 453 of 1999, effective July 30, 1999, made sweeping changes in the way commercial lines rate and form filings are handled for licensed insurers in the State of Arkansas.

Bulletin 7-99 Watercraft Liability

Act 468 of 1999 mandates those motorboats of more than fifty horsepower (50 HP) and personal watercraft be covered by an insurance policy that provides at least \$50,000 of liability insurance per occurrence.

Bulletin 8-99 Liability/Uninsured Motorist Changes

Act 1527 of 1999 raised the minimum limits for motor vehicle liability insurance from 25/50/15 to 25/50/25. The minimum limit for Uninsured Motorist Property Damage Coverage is \$25,000.

Act 899 of 1999 requires insurers to offer Uninsured Motorist Bodily Injury Coverage (UMBI) up to the third-party liability limits purchased.

Bulletin 9-99

Bulletin 9-99 adopted revisions to Rule and Regulation 27

Bulletin 10-99

Bulletin 10-99 lists the important changes in the reporting and licensing requirements for Professional Employer Organizations (PEOs).

Bulletin 11-99

Bulletin 11-99 addresses two issues; 1.) clarifies the application of Ark. Code Ann. 23-86-108(7)(C) with respect to preexisting conditions; and 2.) explains the definition of "employee" under Ark. Code Ann. 23-86-106(1)(3) and Arkansas's Health Insurance Portability and Accountability Act of 1997 (HIPAA), codified as Ark. Code Ann 23-86-301 et. seq.

Bulletin 12-99

Bulletin 12-99 directs all course providers, registered in Arkansas under Rules 31 and 50 or other applicable rules and laws, for pre-licensure and continuing education to update study and training materials provided to individuals seeking new or renewal licenses in Arkansas from the Arkansas Insurance Department.



Financial Services Modernization Act of 1999 (The "Act")

The Act, which became federal law when it was signed by President Clinton on November 12, 1999, was designed to modernize the financial services industry by replacing outdated, Depression-era laws that separate banking from other financial services, with a new system to enhance competition and increase consumer choice. The Act's four main areas of reform are outlined below:

Financial Holding Companies and Operating Subsidiaries

The Act permits banks, insurance companies, and securities firms to merge into a new type of financial services conglomerate called a "Financial Holding Company" (FHC). FHCs are bank holding companies with affiliates that engage in a variety of non-bank financial activities. (Non-bank activities are defined as those that are "financial in nature" or "incidental" to such financial activities.) These activities potentially include all aspects of the business of insurance (such as: underwriting, sales, reinsurance, acting as third party administrators, acting as managing general agents, handling claims and investment and reserve services.

State Law and Insurance Sales

National banks and their subsidiaries are prohibited from underwriting insurance other than "authorized products". With very limited exceptions for credit related insurance conducted by national banks, the Act requires that insurance underwriting be conducted in a separate affiliate of a FHC. Insurance sales may be conducted through national bank subsidiaries or FHC affiliates. National banks may sell insurance through subsidiaries anywhere in the United States. They are no longer restricted to small towns. However, national banks that sell insurance directly (not through subsidiaries) are still restricted by the "Place of 5,000" rule. The Act designates state insurance departments as the functional regulators for insurance activities of FHCs and national banks. The Act reaffirms that states regulate the insurance activities of all persons, and it explicitly says that anyone engaged in the business of insurance must be licensed pursuant to applicable state law. This general reaffirmation of state authority is limited, however, by other provisions in the Act that preempt state laws and regulations which discriminate

against banks and bank affiliates. State laws and regulations may not "prevent or significantly interfere" with affiliations between banks and insurance firms or with bank insurance activities. General state regulatory authority over sales and market conduct will apply to banks. However, the Act prohibits states from "preventing or significantly interfering with" insurance sales, solicitation, or cross marketing activities of banks, bank subsidiaries or bank affiliates. This is in keeping with the standard previously set forth by the Supreme Court in Barnett Bank of Marion N.A. v. Nelson. Notwithstanding the "Barnett Bank standard", states may treat banks differently by enforcing laws and regulations that are substantially the same as, but no more burdensome than "13 Safe Harbors" listed in the Act. The 13 Safe Harbors, which permit states to treat banks differently from other insurance agents, address consumer protection issues, including: a) assuring accurate and complete disclosure about insurance products, including the fact that they are uninsured; b) enforcing prohibitions against tying insurance and loan products; c) restrictions on using customer in-

formation, including health information; d) licensing requirements; and e) requiring the use of separate books for recording the sale of insurance products.

Financial Privacy

The Act imposes privacy requirements on "financial institutions", which include insurance companies. Financial institutions are required to formulate customer privacy policies and to disclose such policies to their customers annually. Customers may "opt out" of having their personal financial information disclosed to third parties, but personal information may be shared among the affiliates of an FHC. Federal regulators are required to consult with state insurance regulators before enacting regulations to implement the Act's privacy provisions pertaining to insurance companies. State insurance regulators are permitted to enforce the federal privacy regulations as they apply to insurers, subject to the non-discrimination standards and other preemption provisions of the Act. State financial privacy laws and regulations are not preempted if they offer greater protections than those provided by the Act. The Federal Trade Commission determines

whether the state or federal protection is greater. (When the Act was previously known as H.R. 10 and passed the House it contained a provision addressing the privacy of consumers' medical records. That provision was dropped from the final Bill after many interested parties argued that it would harm consumers rather than help them. In addition, medical records privacy is the subject of regulations being promulgated by the Department of Health and Human Services.)

Regulatory Structure

As stated previously, state insurance departments will be the functional regulators of all financial firms engaged in the business of insurance, including banks and their subsidiaries, and state licensing requirements for all insurers and agents remain in effect. *{Work is underway across the country to achieve insurance uniformity regulation most particularly, a uniform licensing system for producers and companies. Hopefully such efforts in all 50 states will result in insurance regulation becoming more uniform and being retained at the state level, where it is most responsive to consumer needs.}* The Federal Reserve Board will supervise financial holding companies established under the Act. In general, the Feds must rely on the examinations, reports and decisions of the functional regulators of specific in-

dustries. The functional regulators include the OCC, the SEC, and state insurance regulators. The Office of Thrift Supervision (OTS) will remain responsible as the primary regulator of all federally-insured thrift institutions. New thrift holding companies are prohibited from engaging in non-financial activities, but existing unitary thrifts will retain such powers. OTS is seeking to rely upon the work of state regulators as the functional regulators for insurance activities of thrift institutions. State regulators have been meeting with federal regulators to forge working relationships along functional lines. When the merger of Travelers Group and Citicorp was announced state insurance regulators worked closely with federal officials to make sure insurance consumers would be protected. Similarly Arkansas was one of the first states to have signed an Information Sharing Agreement with the Office of the Comptroller of the Currency on handling consumer complaints. Such agreements are part of the ongoing effort to strengthen the relationship between two jurisdictions in the new world of financial services modernization.

New Public Information Officer on Board



Charlye Crawford, a local public relations executive, recently joined the Arkansas Insurance Department as its public information officer. Her role at the agency will include working with the media, internal communications including the coordination of newsletters, annual reports, and other duties relating to outreach and public awareness.

Prior to becoming a freelance consultant in 1992 Crawford was a public relations account executive with the State's largest advertising agency, where she performed marketing and public relations duties. Her work with the agency yielded two awards from the Public Relations Society of America.

"I am excited about my role in raising the public's awareness of the significant role the Arkansas Insurance Department plays in assisting insurance consumers," Crawford stated.

Other States

The 1999 Nevada Legislature enacted a law enabling non-resident surplus lines brokers to be licensed in Nevada, effective October 1, 1999. To qualify for the surplus lines license, the non-resident must hold a surplus lines broker license in his state of domicile. The non-resident must also hold a broker license in order to hold a surplus lines broker license. When a corporation is involved, the corporation must be licensed as well, and individuals named to the corporate license.

Surplus brokers must also be a member of the Nevada Surplus Lines Association. Contact 775-826-7898 for more information on becoming a member of this association. To obtain a surplus brokers application package send an addressed stamped envelope to:

State of Nevada, 1665 Hot Springs Road, Suite 153
Carson City, NV 89076 or visit the Web site:
www.doi.state.nv.us



George Nichols III Elected President of the National Association of Insurance Commissioners ("NAIC")

Although George Nichols III is the first African-American to be elected president of the National Association of Insurance Commissioners ("NAIC"), according to Commissioner Mike Pickens his ethnic distinction will not be what members remember most about the Kentucky Commissioner. "I predict that, when his term is over (George Nichols) will be known as one of the, if not the, very best and most timely leaders this organization has ever had -- red, yellow, black or white," Commissioner Pickens said during his nomination speech of NAIC President George Nichols III.

"One of the very first commissioners to befriend me when I attended my first NAIC meeting as a commissioner-to-be in December 1996 was a smiling, upbeat, impressive fellow... George Nichols," Commissioner Pickens told hundreds of NAIC members and guests.

Apparently Mr. Nichols impressed more than the soon-to-be commissioner from Arkansas. He became President of the NAIC after having been appointed Kentucky's

Insurance Commissioner and becoming a member of the NAIC only three years before his historic election.

Almost immediately after becoming a member of the NAIC, Mr. Nichols began work to pass a financial services modernization law. "George knew Congress should

only pass a financial services modernization law that preserved the integrity of our state-based insurance regulatory system," commissioner Pickens told the audience. "And most importantly, (a law) that preserved necessary state solvency and market conduct protection for all we (insurance) consumers."

Mr. Nichols has a Master of Arts degree in Labor studies from the University of Louisville and a Bachelor of Arts in Sociology and Economics from Western Ken-

tucky University. He is married to Cynthia Jean (Stone) Nichols and they have three children, Courtney, Jessica and George IV.



Left to right: George Nichols, Jr., Kentucky Commissioner George Nichols III, and Arkansas Commissioner Mike Pickens

Mission Statement:

To serve and protect the public interest by the equitable enforcement of the State's laws and regulations affecting the insurance industry.

Consumer's Corner



We're Here to Assist You!

The Arkansas Insurance Department's Consumer Services Division works to assist citizens in the State of Arkansas who experience problems with insurance matters. In 1999, this Division serviced 3,621 complaints, answered 23,587 telephone calls, helped 415 visitors to the Department and assisted Arkansas consumers in recovering \$2.6 million in insurance related issues.

As a service to consumers, the following brochures are available at no cost by contacting the Insurance Department.

Shoppers Guide to Cancer Insurance

Life Insurance Buyers Guide

Consumers Guide to Homeowner Insurance

Automobile Insurance Booklet

Health Insurance Portability and Accountability Act (HIPAA)

Comprehensive Health Insurance Pool (CHIPS)

Insurance Tips for the Arkansas Worker

Shopper's Guide to Long-Term Care

To receive the brochures listed above, contact our Consumer's Service Division at:

**1-800-852-5494, 501-371-2640 or
insurance.consumers@ mail.state.ar.us**



Arkansas Insurance Department
1200 West Third Street, Little Rock, AR 72201-1904
Tel: (501) 371-2600; (800) 292-9134; Fax: (501) 371-2618
E-mail: insurance@mail.state.ar.us

